

**Council Meeting**  
**February 13, 2017**  
**7:00 p.m.**

The regular meeting of Mayor and Council was held on the above date and time with Council members DeBenedictis, Carrow, Dias, and Fletcher present with Mayor Letterman presiding. Town Foreman Hurlock, Recording Secretary Sue Muncey, Scott Chambers, Scott Lynch and John Treadwell were also in attendance.

1. **Call to Order** - Mr. Letterman called the meeting to order at 7:00 p.m.
2. **Pledge to the Flag** – Mrs. Muncey led the Pledge of Allegiance.
3. **Approval of Minutes** –

*Ms. DeBenedictis made a motion to approve the Town Council Meeting minutes of January 9, 2017, Economic Development Committee Meeting of February 8, 2017, and Electric Committee Meeting of February 9, 2017 in written form. Mr. Dias seconded the motion. Motion carried unanimously.*

4. **Approval of Income and Expense Report** –

*Mr. Dias made a motion to approve the Income and Expense Report. Mr. Fletcher seconded the motion. Motion carried unanimously.*

5. **Communications** – Ms. DeBenedictis read a thank you letter from The International Association of Lions Club, a letter from the Boys & Girls Clubs of Delaware (Mr. Letterman stated that Lincoln asked if we could make a donation – recommended to ask during budget time) a letter from Delaware Health & Social Services, and a certificate from the Delaware Insurance Department.
6. **Report of the Chief of Police** – No Report. The Police Chief was excused for training
7. **Report of the Town Foreman** – Mr. Hurlock stated he has been thinking about the long-range plan. He stated it has been hard to do. In about six (6) years you will be losing two (2) people with about 30 years' experience. We will need a Town Manager, Public Works Supervisor, Planning & Zoning person, and a Building Inspector. He has been trying to get his hand around the increase in income. He will need help. We need to work on this as a group. Mr. Letterman stated this is exactly what he was looking for. You are verbally saying it, just not putting it on paper. Mr. Hurlock stated we cannot run our government as a small town anymore. Mr. Hurlock stated he met with the developer of Providence Crossing. They are almost ready to turn it over to the homeowner's association. They still have about 3 -4 years to go to finish the development. The developer wanted to deviate from the plan a little bit. Mr. Hurlock stated he would have to go back to Planning & Zoning if he did. The developer said he will build the tennis court and

pavilion as is on the plan. They will probably start in the spring. Mr. Letterman asked about the signs. Mr. Hurlock stated they are not on the plans. It will be the responsibility of the homeowner's association to get the signs. Mr. Dias asked what the deviation was. Mr. Hurlock stated the developer wanted to move the pavilion in a different spot, but they are not doing that. They are building per the site plan.

**8. Report of the Town Solicitor** – Mr. Chambers had no report.

**9. Report from Inspections/Enforcement** – Mr. Hurlock stated we are issuing permits.

**10. Reports from Members of Council**

**a. Report from Electric Committee** – Ms. DeBenedictis stated we held an Electric Committee meeting, but we had no quorum. Another meeting will be scheduled. Mr. Hurlock stated our contractor, AUI, will be starting to prepare for the conversion on the east side of town. The 25Kv conversion on the west side of town has already been completed.

**b. Report from Street Committee** – Mr. Fletcher had no report.

**c. Report from Water & Sewer Committee** – Mr. Fletcher had no report. Mr. Hurlock stated the water filtration will be well over budget. The media had to come from Germany. That was not budgeted for. They were interconnected with Artesian for two days. The media will last for about 9 - 10 years. He suggested at budget time doing a surcharge. Mr. Letterman asked if the materials were the same. Mr. Hurlock stated yes. Arsenic removal is new technology. Mr. Letterman asked if the money will come from the Water/Sewer/Street account. Mr. Hurlock stated yes.

**d. Report from Equipment Committee** – Mr. Dias had no report.

**e. Report from Personnel Committee** – Mr. Carrow stated a new part-time administration person has started and is working out well. Mr. Hurlock stated he has a position budgeted for a Code Enforcement Officer. He will be looking into filling within the next month or so.

**f. Report from Police Committee** – Mr. Dias had no report.

**g. Report from Budget Committee** – Mr. Fletcher had no report.

**h. Report from Economic Development Committee** – Mr. Carrow had no report.

**i. Report from DEMEC** – Ms. DeBenedictis stated that she and Mr. Hurlock attended a workshop from NERC. The next meeting is February 21. She showed a picture of the Governor's inauguration and the newly elected Lt. Governor was using a DEMEC umbrella. We couldn't have gotten any better advertising.

**j. Report from Board of Adjustments** – Mr. Hurlock had no report.

k. **Report from Planning & Zoning Committee** – Mr. Hurlock stated we just signed a new agreement with the University of Delaware. We will be moving forward with our Comprehensive Plan.

l. **Appeals Board** – Mr. Hurlock had no report.

## 11. Unfinished Business – No Business

## 12. New Business –

- a. Presentation by Scott Lynch of DEMEC – AMP-ES Energy Efficiency Program. Mr. Lynch stated this has been an undertaking for the past two (2) years. This was the recommendation from the November 2016 DEMEC Board Meeting. The **Overview** of the presentation was: Energy efficiency program proposal, Benefits for the municipality and its customers, Program flexibility, Experience/reliability/guarantee, DEMEC cost proposal, Key roles, and Prospectus. The **Energy Efficiency Program in Brief**: Product rebates, Engineering services, Account management, Community engagement, Marketing and promotions, Customer service, Performance tracking, Evaluation, Measurement, and Verification. **Key Benefits for Municipalities**: Upgrade Municipal Facilities – LED streetlight conversion, Municipal buildings, Water and wastewater treatment plants, Aid in Local Economic Development – Business retention and attraction and Support businesses and contractors. **Benefits for Municipal Electric Systems**: Enhance Customer Satisfaction – Generate positive publicity, Energy awareness for community events, Address high bills, and Demonstrate sustainability. Reduce Cost/Verify Results – Cheaper than new power supply, Reduces coincident peak, Reduces T&D charges, Defers T&D upgrades, and Ability to bid capacity savings into PJM. **Key Benefits for Customers**: Rebates, incentives and discounts, technical assistance, objective information, account management services, and customer call center. **Customized for Your Community** – Services include: Community-specific savings targets, Ability to prioritize, Promotions to drive sales at local businesses, and Participation in community events. **Experience/Reliability/Guarantee** – Completing 6 years, 54 municipalities served, Lifetime savings achieved 2.4 million MWh, 27 MW peak demand, \$200 million customer savings, Evaluation, measurement and verification – meets national standards, qualified for PJM auction, high realization rates, Guarantee 70% of MWh savings target. **Efficiency Smart = Proven Performance** – AMP communities continuing to 9<sup>th</sup> year of participation, New services continually under development, Will help leverage DE state programs for DEMEC members and their constituents. **Benefit and Cost Proposal for Efficiency Smart Services** - (This is basic performance with all DEMEC members) – Benefits: Annual MWh savings at the end of three years = 14,630; Coincident kW Peak Demand Savings at the end of three years = 2,190; Lifetime Customer Savings = \$17.6 million; Avoided energy, T&D Costs = \$12.2 million. Costs: Three-year program cost estimate = \$5,226,740. The Benefit to Cost Ratio is 2.32 to 1. The Roles are as follows: **DEMEC** – contracts for services, establishes agreements with DEMEC members, collects fees for program, pays contractor invoices, reviews program performance, provides liaison with State of Delaware, and bids capacity into PJM FCM market. **AMP** – serves as prime contractor for services, manages subcontractors

(implementation, evaluation, measurement, and verification), submits invoices to DEMEC, oversees program design and implementation, certifies program results, and integration with other DE efficiency programs. **VEIC** – serves as subcontractor to AMP, delivers program services – program design, program implementation, technical services, marketing and promotions, account management, rebate and incentive fulfillment, data tracking and reporting, customer service and hotline, municipal MWh savings guarantees, vendor and trade ally relationships. The **Prospectus for Energy Efficiency Services for Clayton** as of January 2017: Residential Annual MWh Sales = 15,371, Residential Quantity of Meters = 1,277, % of Annual MWh Sales = 75%; Commercial Annual MWh Sales = 5,026, Commercial Quantity of Meters = 80, Commercial % of Annual MWh Sales = 25%. The service offered is Basic Performance Comprehensive. This would reduce electric wholesale MWh by .25% annually; full services. This would serve both the residential and commercial market. Contract would be for three years. Service type would be performance based services with guarantees. The cost basis would be \$.90 per MWh of annual wholesale sales. The annual cost to the Town would be \$18,357. The three-year term cost would be \$55,072. Term MWh savings would be 153. Lifetime MWh savings would be 1,807.4. Lifetime benefits would be \$109,442. Benefit/Cost ratio would be 1.99. The levelized cost would be \$30.47. Mr. Letterman stated if we implement, we spend money yearly but we would save \$2 for every \$1 spent. Mr. Lynch stated there is a money back guarantee if they do not achieve 70% savings. Mr. Lynch stated the savings come from a permanent load drop during peak times. They add up to a coincidence peaks and it reaches a delta. DEMEC saves money and passes it along to the municipality. Mr. Letterman stated we have to provide service to the entire town. Mr. Lynch stated you have infrastructure costs. With a program, how do you recoup your money? Solar is taking income away. Efficiency can be dispatched. By looking at your rate structure you can recoup your charges. This is a package to lower the cost of energy. This is part of a portfolio. It is starting out at ¼%. Mr. Letterman stated last year we added a usage charge. Mr. Letterman asked Mr. Lynch what he is asking for. Mr. Lynch stated in the June/July timeframe the issue will be brought back up and they will be asking the Council whether they will accept or decline the program. Mr. Letterman asked Mr. Lynch if he would attend our next Electric Committee meeting and discuss in more depth. Mr. Hurlock explained things in simpler terms. On the peak – DEMEC buys power at long-range. If you had to purchase at peak the cost would be higher. This is where the savings are. It is voluntary. Green energy was shoved down our throat. We are moving ahead of the curve. Government wants the efficiency. Ms. DeBenedictis stated this came about because of inefficiencies. Mr. Hurlock stated that AMP is an organization of members like DEMEC. AMP is one of the best things that DEMEC did. Mr. Lynch stated we have done many things from green energy. DEMEC was ahead of the curve. It gave DEMEC flexibility. Mr. Letterman asked about a fee for solar permits – the pros and cons. Mr. Lynch gave the following fees for interconnection. DP&L – for 10KW or less there is no fee. Above 10KW the fee is \$50. Delaware Electric Cooperative - \$50 per application of 25KW or less. The State is aware of the fees. They don't have an issue with it. Mr. Letterman stated presently we are absorbing the cost and we need to recoup. Mr. Hurlock stated to have the interconnection application reviewed

it is approximately \$200. A bi-directional meter costs \$325. Mr. Lynch stated as soon as legislation passes, we can charge for the meter.

- b. Discussion/Vote to decrease PCA. Ms. DeBenedictis read the following motion from Downes Associates:

***I move that the current PCA rate of power cost collection be decreased from a charge of \$0.0007 per kilowatt-hour to a credit of (\$0.0063) per kilowatt-hour to be billed beginning with the next billing cycle. This represents an approximate 4.5% retail rate decrease for Town electric customers. I further move that a demand charge of \$5.00 per kilowatt be included in all commercial demand customers' bills. Currently there is no charge for the first 10 kilowatts for commercial demand customers. In order for the customer revenues to remain the same (not increase) for this retail rate class as a whole, the second energy block over 45 kilowatt-hours is to decrease from a current charge of \$0.1076 per kilowatt-hour to a charge of \$0.1045 per kilowatt-hour. This should result in no net increase in customer bills. Instituting a charge for the first 10 kilowatts and reducing the over 45 per kilowatt-hour energy charge will improve the Town's collection of fixed costs. This method of concentrating the collection of fixed costs through a demand charge rather than an energy charge is consistent with the general modern trend of other electric utilities. Despite this charge for the first 10 kilowatt demand charge, the reduction in the PCA and the reduction of the second energy block results in an overall decrease in electric costs to commercial customers. Only three customers will experience a small increase in costs; however, two are Town accounts. That leaves only one small commercial demand customer that may experience a very small increase in costs of less than 3.0%. Mr. Dias seconded the motion. Motion carried unanimously.***

- c. Discussion/Vote on Application for Public Grant for Smyrna-Clayton July 4<sup>th</sup> Foundation Inc. Mr. Fletcher stated Joanne Masten sent in this request. This is already in the 2017 budget. Mr. Letterman stated there is no need to make a motion since it has already been approved in the budget.
- d. Discussion/Vote on proposed Economic Development Grant. Mr. Carrow stated they recently had an Economic Development Committee meeting. They met with the advisor of Smyrna High FFA. They proposed putting benches along Main Street and planters for flowers. Beautification of the town. As far as cost estimates, they are applying for grants. The Town's obligation would be to care for things after they are installed. We would need to make the benches permanent in the sidewalk. The Eagle Scout project would be around the Town Park. Beautifying in the area where the proposed Town clock would go. Mr. Carrow stated he is asking for a vote to support the FFA to gather grants at no cost to the town. Mr. Carrow gave Council a picture of the benches and planters the FFA were looking at.

*Mr. Carrow made a motion to support the FFA from Smyrna High School to put in for beautification grants. Mr. Dias seconded the motion. Motion carried unanimously. Ms. DeBenedictis stated the benches would have to be placed in areas where it wouldn't affect wheelchair accessibility. Mr. Letterman stated this motion is only for grant applications.*

- 13. Public Forum** – Mr. Treadwell commented on the signs at Providence Crossing in the park area. He stated it would be in the Town's best interest to post the signs. The police department would not have to be called as much. Mr. Dias stated we used to have a sign prior.

**14. Adjournment**

*Mr. Letterman made a motion to adjourn the meeting. Ms. DeBenedictis seconded the motion. Motion carried unanimously. Meeting was adjourned at 8:20 p.m.*

Recording Secretary,

Sue Muncey